

Globalization

Globalization

- * **Globalization:** process by which societies and cultures are becoming increasingly integrated

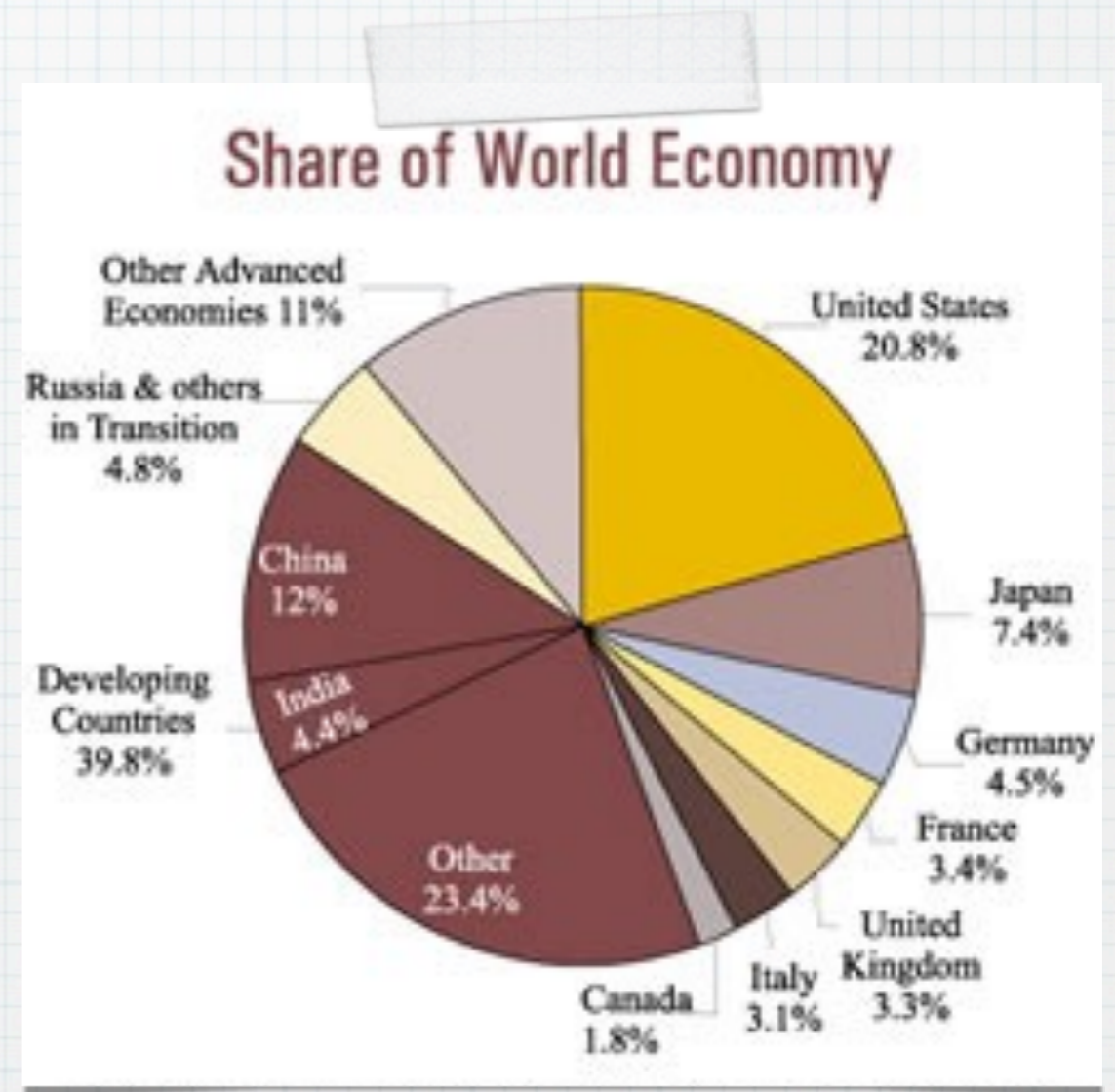


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Globalization

* **Economic Globalization:** increasing integration of world economies because of increased free trade and the flow of international capital

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Globalization

- * **Economic Globalization Example:**
 - * **Technology allows companies to employ cheaper labour overseas**
 - * **Technology also allows consumers to buy both in store and online**

Globalization

- * **Free market capitalism:** producers are free to enter a business and sell products for whatever price they want



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Globalization

- * Free market capitalism can lead to economic growth by reducing tariffs, export fees, and import quotas.

Responses to Economic Globalization

Responses to Globalization

- * Many theories attempt to look at the impacts globalization may have on other countries
- * Modernization Theory
- * Dependency Theory
- * World-System Theory
- * International Division of Labour Theory

Modernization Theory

- * Identify how societies react to modernization.

Modernization Theory

- * Because of its capitalist nature, Western cultures typically drive economic growth
- * This can cause underdeveloped countries to become Westernized



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Modernization Theory

- * Modernization theory is rooted in the belief that humans can change their society, and these changes are rooted in technological developments.



Example

- * An increase in demand for raw materials lead to developments in agriculture
- * This results in more jobs, leading to an increased demand



Example

- * Based on this theory, societies are considered modernized once they shift towards Western values and ideals



Stages of Economic Growth Model

- * In the 1960s, Walt Whitman Rostow suggested countries base through five stages of economic development
- * He coined this the 'Stages of Economic Growth Model'

Stages of Economic Growth Model

- * This model describes the shift from a value and tradition based society to a society based on personal achievements



Stages of Economic Growth Model

- * Stage 1: Traditional Society
 - * Based in agriculture
 - * Members barter to exchange goods



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Stages of Economic Growth Model

- * Stage 1: Traditional Society
 - * Based in agriculture
 - * Members barter to exchange goods

Transition to the next stage will be triggered by external interests

Stages of Economic Growth Model

- * Stage 2: Preconditions for Take-off
 - * See specializations in the labour force
 - * Surplus in goods, infrastructure



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Stages of Economic Growth Model

- * Stage 2: Preconditions for Take-off
 - * See specializations in the labour force
 - * Surplus in goods, infrastructure

Transition to the next stage will be installation of infrastructure and politics

Stages of Economic Growth Model

- * Stage 3: Take-off
 - * Industrialization
 - * Political change



Stages of Economic Growth Model

- * Stage 3: Take-off
 - * Industrialization
 - * Political change

Transition to the next stage will be investment in manufacturing and political institutions

Stages of Economic Growth Model

- * Stage 4: Drive to Maturity
 - * Rely less on imports
 - * Begin placing investments



Stages of Economic Growth Model

- * Stage 4: Drive to Maturity
 - * Rely less on imports
 - * Begin placing investments

Transition to the next stage will be international trade

Stages of Economic Growth Model

- * Stage 5: High Mass Consumption
 - * Consumer orientated
 - * Service sector becomes dominant



Dependency Theory

- * States that wealth flows from poor and underdeveloped countries to wealthier countries
- * Was a response to modernization theory



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Dependency Theory

- * Based on observation the Western countries often lead to serious economic problems in underdeveloped countries

Dependency Theory

- * Developing countries often shift raw goods to developed countries because they can't process them
- * Developed countries then sell them back at a higher price



Dependency Theory

- * Economies and cultures of developing countries are distorted to meet the needs of developed countries

Example: Cash Crops

- * In many countries, traditional farms have been replaced by larger holdings used for cash crops

Dependency Theory

- * “Fair Trade” is a proposed solution in an attempt to counteract the dependency of underdeveloped countries

World-System Theory

- * States that the world is divided into three types of nations



World-System Theory

- * 1) Core Nations: Most economically advanced
- * Characterized by industrialization
- * Benefit most from the global market
- * Exploit other nations



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World-System Theory

- * 2) Peripheral Nations: Little to no development
- * Exploited for their natural resources



World-System Theory

- * 3) Semi-Peripheral Nations: Semi-industrialized, still exploited by core nations
 - * Exploit peripheral nations
 - * Ex/Brazil, South Africa



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International Division of Labour

- * States that commodity production is assigned to the area of the world that provides the most profitable combination of capital and labour



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International Division of Labour

- * **Global Commodity Chain: complex pattern of international labour and production processes that result in a finished product**
- * **Can now happen because of more open trading globally**

International Division of Labour

- * Suggests nations will specialize in labour
- * Some argue larger nations are exploiting smaller ones

